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November 7, 2005

Thomas P. Meissner Jr.
Unitil
6 Liberty Lane West
Hampton, NH 03842-1720

Dear Tom,

Thank you for your letter of October 13, 2005. I appreciate that Unitil believes that Verizon is not operating in compliance with the Intercompany Operating Procedures (IOP). I also suspect that Unitil realizes that Verizon does not view Unitil as having operated in accordance with the agreement. I hope, nonetheless, that we can continue to share data in an attempt to achieve mutual satisfaction. In that spirit, I would like to address some of your remarks, request some additional information and share some of the data and correspondence that I have seen.

Tree Trimming

I know that Troy MacDonald is working with Mr. Conner from Unitil on the specifics of the bills that have been presented to us from 2004 and 2005 and that a meeting between them is scheduled. I hope their efforts to reconcile issues can continue. You indicate that Verizon somehow declined to participate in tree trimming. I have attached correspondence and emails that indicate that Verizon has, in the past, notified Unitil of its position on tree trimming. The position is not that we will not participate, but rather that our participation and bill payment must conform to the IOP requirements.

You also address Massachusetts. I have reviewed the data for New Hampshire because, as you know, that is the Verizon state that I represent. But as we look at this problem more broadly, we see the same issues surface in both locations. One of the enclosed letters, for example, is from a Massachusetts representative.

I would appreciate seeing the letter from the Verizon field engineer that you reference. It would be helpful for us to understand what exactly the person said to you. I am not interested in establishing blame but rather need to fully understand your viewpoint. A copy of that letter would therefore be helpful.

You also indicate that the approximately \$7000 in payments that we see in our records is incorrect. (We are, as you know, talking about all types of tree-trimming billing.) If you have copies of bills that substantiate higher amounts from 1999 to 2002, we would appreciate seeing them. We have searched our systems and believe that the amounts we quoted in my letter to you are correct, but if you have other documentation, please share it with us.

Placement of Poles for New Construction

If I misunderstood your position at our meeting, I apologize. However, the issue seemed not limited to the amount of time it took us to set a pole. In fact, when I made the comment that when one company set a pole, the other was charged for its share of the costs, Bob indicated that Unitil's issue was directly related to the fairness issue, not the timing issue. He said that

if Unitil had to place extra poles, Unitil would have to maintain the labor force, and somehow our compensation did not meet his needs. Your statement – that “The issue is not one of equity, or setting one’s ‘fair share’ of poles. In fact, we have on more than one occasion offered to set more poles as a potential solution to operational concerns” – is not consistent with Bob’s statement.

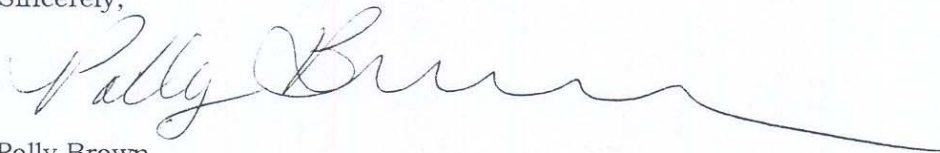
There seems to be two parts to this issue. The first is the time under emergency situations. We have been trialing a different approach and feedback on that would be helpful. The second seems to relate to general commitment dates. We are willing to look at the length of time it takes us to set poles and would like to see your times as well. Perhaps looking at Unitil’s and Verizon’s actual pole-set times would help us move forward.

Pole Inspections

We unfortunately must disagree with your characterization of our compliance with the IOP in the area of pole inspections. Under the IOP, we are required to have a process, and we have one. It is not identical to your process, and it is not required to be identical. Verizon is extremely cognizant of safety issues and makes pole inspections a fundamental concern for all of our technicians. The Verizon employees who attended the November 8 and December 13, 2004 meetings do not agree with your characterizations of their statements.

Overall, I am truly sorry that we are where we are in our discussions. I would like us to be in a better place and hope that we can have useful dialogue to improve this relationship. Our companies have relied on one another for many years and should be able to communicate in a more constructive way. I trust that looking at all the facts will allow both sides to find a better path to resolution.

Sincerely,

A handwritten signature in dark ink, appearing to read "Polly Brown", with a long, sweeping horizontal line extending to the right.

Polly Brown

Enclosures

To: abel@unitil.com, bisson@unitil.com
cc: John C Guthrie@VZNotes, Ann Winkelman@VZNotes
From: Marc Berlinger/EMPL/MA/Verizon
Date: 06/17/2002 09:21:41 AM
Subject: Joint Use Issues

Roger and Bob:

This memo serves to respond to the issues you raised at our meeting in Boston on May 23rd. If you have any questions or comments regarding the information provided below, please call (617-743-5738) or email me and we can discuss further.

Contact Numbers you requested :

Construction Manager for Unitil - MA geography is John Guthrie on 508-795-3250.

Construction Managers for Unitil - NH geography are Gary Woods on 603-524-9903 and Brian Norton on 603-647-6389.

Emergency Reporting Contact Number MA/NH:

4PM - 7AM - Weekends and Holidays - (Area Code You Are Calling From)555-1515 & 555-1611

7AM - 4PM - Weekdays and Holidays - (Area Code You Are Calling From)555-1515 & 555-1611

Pole Inspections/Treatment :

As I previously stated during our meeting on 5/23/02, Verizon's performs pole inspections as follows:

- All Verizon field engineers evaluating a pole in the course of performing their job and outside plant technician working at a pole are responsible to visually inspect the pole for defects as a means of determining the integrity of the pole.
- Where a pole's integrity is determined to be suspect as a result of the visual inspection, the engineer/technician is responsible to perform sounding/boring tests to further analyze the integrity of the pole.
- Poles deemed defective are identified for replacement and engineering issues a job to construction to replace the pole.
- Verizon does not engage in pole treatment due to safety, health and environmental concerns over the hazardous chemicals used to treat poles.

Verizon does not make its internal Methods and Procedures (M&P) available to power companies. Lastly, Verizon's Legal Dept. has reviewed the Company's aforementioned pole inspection guidelines and concluded that they offer liability protection that is commensurate with Unitil's inspection procedures.

Tree Trimming:

- Verizon is not obligated to perform tree trimming per the most current edition of National Electric Safety Code (NESC).
- There are OSHA regulations that restrict Verizon employees from performing tree trimming of any tree part greater than 4" in diameter.
- Therefore, Verizon employs approved vendors to perform the majority of its tree trimming work.
- Generally speaking, Verizon utilizes tree trimming to facilitate placement of new poles or new pole attachments to existing poles in a manner that minimizes the impact upon the tree(s) for poles in its maintenance area.
- Generally speaking, Verizon does not engage in maintenance tree trimming for poles in its maintenance area because its cables can withstand all but extreme tree limb/branch abrasion.

- Verizon understands its contractual responsibilities to comply with the tree trimming procedures identified in IOP 17 of our intercompany pole contract, where Verizon agrees it has a need for maintenance tree trimming.
- Verizon's practice that governs clearance and separation between Verizon owned poles and pole attachments and other structures does not address distances that must be maintained between trees and poles/pole attachments.
- Verizon's engineers are responsible to determine the amount of trimming that must be performed on a per pole basis to create the space needed to allow Verizon personnel to set a new pole and/or place a new pole attachment.

Emergency Response to Broken Poles:

- Verizon does not have a corporate practice or policy that identifies general or specific time-frames Verizon must meet when responding to broken pole notifications.
- Verizon personnel are responsible to prioritize all Verizon work, including broken pole "callouts".
- Verizon cannot justify dispatching its crews on broken pole "callouts" based on information relayed by power company representatives, as they cannot know what other jobs Verizon has in queue at that time that may be of a higher priority that require those same resources.
- Verizon's field foreman are responsible to assess broken poles to, among other things, determine specific equipment needs prior to dispatching crews to a broken pole site.

Roger, the following is Verizon's account of the two broken pole incidents you addressed in your 6/7 memo: Verizon pole number T-214, FGE pole 2231 on Chestnut Street in Lunenburg. This pole was hit by a motor vehicle on July 18, 2001. The Verizon Foreman covering this incident was Paul Montagna. Mr. Montagna met the Until night crew at the site and Until's representatives said they could make the broken pole safe by tying it to a tree. Mr. Montagna agreed and said he would dispatch a crew to replace the broken pole the following day, which he did.

Verizon number T-18, FGE number 2630 on South Street in Fitchburg. This pole was hit by a motor vehicle on May 21, 2002. The Verizon Forman covering this incident was Sean Hamilton. Until's night crew left the broken pole site before Mr. Hamilton arrived. Mr. Hamilton observed that Until's crew had taped broken pole pieces to the pole before departing the site. Mr. Hamilton determined that the pole would not need to be replaced that night and called Until dispatch to relay this information. Mr. Hamilton called his Construction Manager, John Guthrie the next day to apprise him of the situation and Mr. Guthrie subsequently field reviewed the broken pole himself. Mr. Guthrie determined that this pole did not pose an immediate danger to the public and made arrangements with Until'a Foreman to replace it, jointly, at a later date. The pole has since been replaced.

Fitchburg G&E JO Billing Issue

11/19/02 - I had conversation with Roger Abel (FG&E T&D Mgr) to discuss JO Billing issue escalated to me by VZ Central District Engineering Team Leader Aristeia Ninos.

- I advised Roger that FG&E is not sending VZ EON forms for maintenance tree trimming prior to sending its bill which violates terms and conditions set forth in IOP 17
- Roger said FG&E did send batch of EONs registered mail to Bob Shea (VZ Engineer) but they were somehow lost. They were subsequently re-mailed and were returned with VZ engineer's signature (VZ indicated it did not need the maintenance tree trimming)
- Roger indicated that he would instruct Alice Rodil to make sure EON forms are sent to VZ in advance of sending VZ tree trimming bills
- Roger indicated that FG&E continues to send its tree trimming bills to VZ under advisement of upper management because VZ continues to pay the bills
- Roger advised me to instruct the field organization to stop paying the bills to send the message to FG&E that it will not share in the cost of maintenance tree trimming
- Roger raised issue of VZ Central District reps advising FG&E reps that VZ will not share in the cost of storm related tree trimming which violates IOP 17
- I advised Roger that I would carry his issue to the field org
- I advised Roger that VZ was obligated to share in the cost of storm related tree trimming per the terms and conditions set forth in IOP 17

I provided feedback from the above phone call to Aristeia Ninos

- Aristeia said VZ will share in the cost of storm related tree trimming per terms and conditions set forth in IOP 17
- Aristeia will continue to monitor the incoming EON situation to make sure FG&E complies with IOP 17

I called Roger Abel and left him a voicemail to advise him of the fact that per my conversation with VZ Central District Engineering rep, VZ will agree to share tree trimming costs with FG&E for storm related tree trimming in compliance with the terms and conditions of IOP 17